

**CONTRACTOR'S SUBCONTRACTING PROGRAM REVIEW GUIDE**  
**Revised September 24 2006**

**A. REFERENCES**

1. FAR Part 19.7, Small Business Subcontracting Program
2. FAR 42.302, Contract Administration Office Functions
3. DFARS 219.201, General Policy
4. DFARS 219.7, Subcontracting with Small Business, Small Disadvantaged Business, and Women-Owned Small Business Concerns
5. DoDD 4205.1, DoD Small Business and Small Disadvantaged Business Utilization Programs, September 11, 1996
6. FAR 52.212-5, Contract Terms and Conditions Required to Implement Statutes of Executive Orders-Commercial Items
7. FAR 52.244-6, Subcontracts for Commercial Items
8. FAR 52.219-8, Utilization of Small Business Concerns
9. FAR 52.219-9, Small Business Subcontracting Plan
10. FAR 52.219-16, Liquidated Damages - Subcontracting Plan
11. FAR 52.219-26, Small Business Participation Program-Incentive Subcontracting
12. DFARS 252.219-7004 Small, Small Disadvantaged and Women-Owned Small Business Subcontracting Plan (Test Program)
13. DoD Test Plan: Test Program for Negotiation of Comprehensive Small Business Subcontracting Plans (Federal Register: February 15, 2000 (Volume 65, Number 31))
14. DCMA/Small Business Administration (SBA) Memorandum of Understanding, May 9, 2003.

**B. Applicability and Scope**

This guidebook has been prepared to provide guidance to DCMA Assistant Director's of Small Business in the evaluation of a contractor's small business subcontracting program. Specifically, the guidance relates to the completion and submission of the Prime Contractor Small Business Program Review

(DCMA 640). This is the primary DCMA evaluation tool of a contractor's compliance with Federal Acquisition Regulations (FAR) and DoD FAR Supplement (DFARS). The Guidebook is intended to achieve a uniform standard throughout DCMA for the evaluation of a contractor's performance and compliance to subcontracting requirements. (The information presented herein should be taken as guidance. Exact policy can be found in the references listed in paragraph A, above).

### **C. ROLES AND RESPONSIBILITIES**

1. The Contracting Officer (CO) is responsible for ensuring that a subcontracting plan is submitted when required. (FAR 19.705-5(a) (2)).

2. After a contract or contract modification containing a subcontracting plan is awarded, the CO who approved the plan is responsible for forwarding a copy of each plan (or a copy of the determination that there is no requirement for subcontracting plan) to the Cognizant Administration Office (CAO). (FAR 19.705-6(e))

3. The CO is responsible for initiating action to assess liquidated damages in accordance with FAR 19.705-7 upon recommendation by the Administrative Contracting Officer (ACO) or receipt of other reliable evidence to indicate that such action is warranted. (FAR 19.705-6(f))

4. The Administrative Contracting Officer (ACO) is responsible for assisting in evaluating subcontracting plans, and for monitoring, evaluating, and documenting contractor performance. (FAR 19.706) The ACO provides notice and rationale to the CO if, during performance, the contractor is failing to comply with the subcontracting plan. The ACO will rely upon advice and recommendations from the Assistant Director to carry out the surveillance program procedures. (FAR 19.706)

5. The Assistant Director is responsible for reviewing and evaluating a prime contractor's small business subcontracting program. This includes but is not limited to:

- a. Determining whether the contractor has a valid subcontracting plan in all applicable contracts and contract actions.
- b. Determining whether a contractor's subcontracting practices effectively enable small businesses to receive fair and equitable subcontracting consideration.

- c. Determining whether subcontracting practices promote the best efforts to achieve subcontracting goals and comply with all applicable procurement policy and regulations.

6. The Assistant Director has the primary responsibility of developing a working knowledge and understanding of the accounting practices utilized by the assigned contractors as they relate to the accumulation and accuracy in reporting of subcontracting data in the applicable semi-annual reports. The Assistant Director is responsible for the accurate completion of the contractor subcontracting program review and developing letters of distribution of the final report to the ACO, the contractor (to include SBLO/CEO), the Small Business Administration, and to the applicable contracting agency or agencies.

#### **D. PART I - GENERAL INFORMATION TAB**

##### **CONTRACTOR DATA:**

1. Contractor - Enter the contractor's CAGE CODE OR NAME and the following data should populate automatically:

Address

City

State

Zip

Cage

DUNS

2. Name of DCMA Assistant Director of Small Business, phone, address should come up. Add email address and FAX.

3. Name of Administrative Contracting Officer (ACO) should populate automatically. If not then this must be manually entered. If not known then the information may be obtained from ETOOLS, Contract Management Team Administrator. Add phone, email and FAX of the ACO.

4. Name of Small Business Liaison Officer (SBLO) and Alternate SBLO: Include name, phone number, email address and FAX numbers, and for the SBLO and the alternate (if applicable).

**NOTE:** If this is a "Small Business Only" delegation, list the Contracting Officer (CO) information in lieu of ACO.

5. Name of SBA Commercial Marketing Representative (CMR): Include name, phone and FAX numbers, and email for the CMR. To determine who the CMR is, contact your local SBA office or [www.sba.gov](http://www.sba.gov).

6. DCMA/SBA Joint Review: Check: yes or no. Explain why SBA did not participate:

\*In this remarks block also add **Method of Review:** Virtual or Onsite

7. Period Covered by **this** Review, Date and Type,: Periods should be as of latest report period (March or Sep) or end of prior month to review). **For Comprehensive Plans, refer to Comprehensive Plan Review Schedule.**

**NOTE:** The current review period does not necessarily have to begin where the previous review period ended. There may be a gap between the previous and current review periods, the period of performance review, is left to the discretion of the Small Business Specialist.

8 (A) Last Review Data - Date, Type, Rating and Risk: Refer to the last program review performed at this contractor. (See Part V for performance rating criteria and risk rating definitions.)

**Definitions of Types of Review:** Identify by checking the type of review performed:

**Full Program Review:** A full program review consists of a full evaluation and validation of all the contractor's processes and performance data. Contractors who have maintained an acceptable or higher rating for three consecutive years may be reviewed every two years and, as necessary, on moderate or high risk contractors with a less than an acceptable rating. Reviews may also be accomplished if the Assistant Director is specifically requested, in writing, to do so by other DoD officials. The contractor must be notified of the following, in writing within 10 working days after the review: the program rating, risk level assigned, follow-on recommendations, corrective action plan if needed, and the anticipated date of the next review.

**Follow-up Review:** A follow-up review results from a marginal or unsatisfactory program rating. A follow-up review should be coordinated and accomplished within 90-180 days from the previous review. A follow-up review may be performed earlier if adequately documented and deemed necessary by the Assistant Director. The follow-up review serves to validate progress on all previously noted corrective action(s). The Assistant Director may also review other data as deemed necessary to validate the new rating and risk level. If the Assistant Director determines that corrective action has not been resolved timely or adequately, the Assistant Director should notify the Small Business ACO within 5 working days of the review. The contractor must be notified in writing, within 10 working days of review to include: the program rating, risk level assigned,

recommendations, and/or corrective action plan(s), and anticipated date of the next review.

9. DoD Ratios: The intent of this block is to determine the percentage of the contractor's overall business that is DoD related. To determine this, you will need to know the company's overall annual sales for their last fiscal year and total DoD Annual sales for that same period.

a. Total Annual Company Sales: The dollars reported in this block refer to the company's location(s) subject to this review (refer to the Dun & Bradstreet assigned number or CAGE Code). It is important not to confuse contract total value with annual sales. The annual company sales are specific to one year (usually the contractor's most recently completed fiscal year). The annual sales are those reported on the company's most recent income statement. **Enter only numbers and decimal point, no commas.**

b. Total DoD Annual sales for that same period. Include all recognized sales from the most recent income statement for DoD contracts. Include **all** contracts, even those that did not require a subcontracting plan. The dollars reported here would be the total sales for all DoD contracts (including the larger contracts with subcontracting plans and the small contracts that did not exceed the threshold requiring subcontracting plans as well as lower tier subcontracts under DoD prime contracts.). **Enter only numbers and decimal point, no commas.**

c. Percentage of Contracts (by Dollar Value) that are with DoD: Divide 11.b. by 11.a.

10. Type of Subcontract Plan(s) FAR 52.219-9(b): Check the applicable block(s):

a. Number of Plans: Include the total number of active plans. How many active subcontracting plans?

b. Individual Plan(s): Check the block if the contractor has individual plans. Include the total number of active individual plans.

c. Commercial Plan: Check the block and include the approving authority (name, phone number, agency) and the period covered.

d. Comprehensive Plan: Check the block and include the approving authority (name, phone number, agency) and the period covered.

e. Master Plan: Check the block and include the approving authority (name, phone number, agency) and the period covered. Note: If a contractor has a Master Plan they will also have individual plans.

f. Remarks: Check the block and describe. If the contractor has a unique plan or plan requirement, or a combination of the above other than the four types listed above, specify the type of plan(s), reason for the unique plan, and the approving authority (name, phone number, agency). (An example might be, if the contractor had a Comprehensive Plan and also has been required to submit a plan on a major program.)

11. List Contracts Awarded with a Deficient Subcontracting Plan.

- a. Contract Number and Delivery Order (if applicable)
- b. Total Face Value
- c. Contract Deficiency Report created? Check yes or no
- d. Remarks (See below for examples)
- e. Contract Deficiency Report (DD1716) (Click to go to the Contract Deficiency Report e-tool site)
- f. (-)delete or (+)add (Click to delete or add a contract to the data base)

Indicate if a contract deficiency report was submitted to the ACO. Describe in the remarks section details of each incident.

The following conditions may be considered as a subcontracting plan deficiency:

1. The subcontracting plan should have been incorporated into the contract either in the original contract itself or in a contract modification. In the absence of either, the contract does not have a valid plan.

2. If the contract provides for option years, the cumulative value of the basic contract and all option years, must be considered in determining whether a subcontracting plan is required (see FAR 19.705-2(a)). If a plan is necessary and the contract requires submitting a subcontracting plan, the plan shall contain all elements required by FAR 19.704(a) and shall contain separate statement and goals for the basic contract and for each option.

3. An individual subcontracting plan should cover the full term and full value of the contract regardless of the funding level. In some instances plans are incorrectly prepared covering only the initial funding of the contract. This error is further compounded when changes are made without modifying the plan on subsequent funding.

4. At the time of award, an Annual Commercial Plan should cover the contractor's current fiscal year. The contractor must submit a new commercial plan, 30 working days before the end of the fiscal year, to the contracting officer responsible for the uncompleted Government contract with the latest completion date.

The contractor must provide to each contracting officer responsible for an ongoing contract subject to the plan, the identity of the contracting officer that will be negotiating the new plan. When the new commercial plan is approved, the contractor shall provide a copy of the approved plan to each contracting officer responsible for an ongoing contract that is subject to the plan. If there is no approved Annual Commercial Plan for the contractor's current fiscal year, then there is a contract deficiency.

5. If the contract has been modified in an amount of \$500,000 (\$1M for construction) or more by a single contract action but the subcontracting plan has not been revised to reflect the entire contract as modified, there is a contract deficiency.

6. Letter contracts and similar undefinitized instruments, which would otherwise meet the requirements of FAR 19.702(a)(1) and (2), shall contain at least a preliminary basic plan addressing the requirements of FAR 19.704 and in such cases require the negotiation of the final plan within 90 days after award or definitization, whichever occurs first. (FAR 19.705-5(b))

7. Joint Venture Agreements (JVA) between two independent corporate entities which create a new independent organization, require a subcontracting plan in the name of the joint-venture company for each contract action meeting the requirements of FAR 19.702(a)(1) and (2). If either or both Joint Venture Partners (JVP) is a comprehensive subcontracting plan (CSP) participant or has an Annual Commercial Plan or a Master Plan, the new organization cannot be covered under any of these existing subcontracting plans.

8. In the event that a subcontracting plan was submitted based on the solicitation but changes were made to the final award and the subcontracting plan was not corrected or revised to reflect the actual contract award, there is a contract deficiency.

12. List Contracts Awarded without a Subcontracting Plan, When a Plan Was Required.

- a. Contract Number and Delivery Order (if applicable)
- b. Total Face Value
- c. Contract Deficiency Report created? Check yes or no
- d. Remarks (See below for examples)
- e. Contract Deficiency Report (DD1716) (Click to go to the Contract Deficiency Report e-tool site)
- f. (-)delete or (+)add (Click to delete or add a contract to the data base)

Indicate if a contract deficiency report was submitted to the ACO. Describe in the remarks section details of each incident.

#### **E. PART II - PERFORMANCE FACTORS TAB**

***Note: The review criteria in Part II, Performance Factors, and Part III, Administration Factors, of the DCMA contractor subcontracting program review are intended to measure prime contractor overall Small Business performance and are to be used as a guide to evaluate and baseline contractor compliance with related Small Business processes. The critical factors are Subcontracting Performance and Program Administration. Compliance with FAR requirements in Parts/Tabs II and III establish the basic requirements for an acceptable program rating. Any "no" answer for Parts II and III will automatically link to a "CAP" block, fill in all pertinent information including contractor's milestone(s).***

##### **1. Overall Subcontracting Performance - FAR 52.219-9(d)(1), (2) & (10)(iii) & (iv)**

a. Were Summary Subcontracting Reports (SF 295) submitted in accordance with FAR requirements and Summary Subcontracting Reports instructions? Check Yes or No. Identify deficiencies. (Was the Summary Subcontracting Reports submitted not later than the final day designated for submission? Identify all deficiencies: data errors, trends, past errors, typographical errors, transpositions, etc.)

b. Were Summary Subcontracting Reports accurate? Check: Yes or No. Identify deficiencies. Were you able to verify the subcontracting data reported in the Summary Subcontracting Reports?:

**Note:** Accuracy of the Summary Subcontracting Reports is the overriding principle in which the determination of the contractor's performance evaluation is based. Therefore, several elements must be analyzed to determine compliance with Government reporting requirements. Perform trend analysis of past performance (Last 2-5 years if available). Discuss trends, positive or negative. (Locally developed spreadsheet or other databases that contain the information are acceptable as an attachment.)

The responses to the following items require an in-depth analysis of several elements which must be considered in the evaluation of the Summary Subcontracting Report.

It is important to understand if the contractor reports subcontracting statistics based on commitments or accounts



payable. If the contractor is basing subcontracting reports on commitments (accrual basis), the total amount of a subcontract award is reported when the next reporting is due. If the contractor is basing the subcontracting reports on accounts payable (cash basis), the subcontracted dollars are not reported until the subcontractor has actually been paid. Either method is acceptable; however, the contractor should be consistently using one method.

Does the contractor have a verifiable system in place to accurately track subcontracting dollars in support of DoD contracts and subcontracts?

Determine if the Summary Subcontracting Report includes all direct subcontracting in support of all DOD prime and DOD subcontracts. This would include not only the DOD prime contracts that were large enough to require a subcontracting plan but also the smaller awards of DOD prime contracts. In addition to the DOD prime contracts, the Summary Subcontracting Report must include any subcontracting in support of DOD subcontracts that the contractor has received from other DOD contractors. This would include the high dollar DOD subcontracts that contain subcontracting plan requirements as well as the smaller awards of DOD subcontracts. If reporting as a subcontractor only, report all subcontracts awarded under prime contracts.

Amounts **must** include both direct awards and an appropriate **prorated portion of indirect awards**. (The indirect portion is based on the percentage of work being performed for the organization to which the report is being submitted in relation to other work being performed by the prime contractor/subcontractor.) Do not include awards made in support of commercial business unless "Commercial" is checked in Block 8.

c. Perform Trend Analysis of Past Performance (last 2 - 5 years). Was the trend analysis negative? (Spreadsheets may be attached)

2. Individual Subcontract Plan Past Performance - Subcontracting Report for Individual Contracts Submission: FAR 52.219-9(10)(iii) & (iv) (Not applicable for Commercial or Comprehensive Plans)

Responses to these questions require an in-depth analysis of several key elements to verify the accuracy of the Subcontracting Report for Individual Contracts.

a. Were Subcontracting Report for Individual Contracts (SF 294) reports submitted in accordance with FAR regulations and Subcontracting Report for Individual Contracts instructions? Check: Yes or No. Identify deficiencies.

1. Was the Subcontracting Report for Individual Contracts submitted not later than the final day designated for submission?

2. Identify data errors, trends, past errors, typographical errors, transpositions, etc.

3. Has the contractor provided adequate explanation in the remarks section if using a straight-line projection, performance appears to be below the level necessary to achieve the goals, or if goals were not achieved on the final report? If the contractor has determined that negotiated goals will not be met, what actions are being contemplated, i.e., Corrective Action Plan(s)?

4. Identify the number of contracts/plans that the contractor failed to submit a Subcontracting Report for Individual Contracts report.

5. Discuss with the SBLO that the submission of the Subcontracting Report for Individual Contracts is a contractual deliverable item. Ensure that the contractor is using the correct version of the form.

b. Were the Subcontracting Report for Individual Contracts reports accurate? Check: Yes or No. Identify deficiencies.

**Perform an analysis of all active contracts with subcontracting plans.** List contracts with plans that indicate one or more of the plans goals may not be attained by end of performance (obtain contractor concurrence of non-attainment of goal(s)).

1. Do the goals reported in the Subcontracting Report for Individual Contracts agree with those negotiated in the plan?

2. In contracts with option years, where DOD has exercised an option, does the Subcontracting Report for Individual Contracts reflect this change?

3. Based on the subcontracting plan, was an election made by the contractor to use indirect subcontracting in establishing the goals? If so, has a correct allocation been applied?

4. Is the contractor properly reporting subcontract dollars to each small business category independently (as a subset) from the subcontract dollars reported under Small Business Concerns on the Summary Subcontract Report?

5. Is the contractor properly documenting awards to Small Disadvantaged and HUBZone Small Business Concerns to ascertain certification by the Small Business Administration (SBA)?

6. Is the contractor properly maintaining an accurate and verifiable audit trail for all direct subcontracting dollars reported on the Subcontracting Report for Individual Contracts for each contract? (FAR 52.219-9(d)(11)(vi))<sup>7</sup>

7. Is the contractor able to demonstrate, after sampling of purchase orders, how each subcontract was tracked to a specific DOD contract?

c. Perform analysis of all active contracts with a subcontracting plan.

1. Complete an analysis of all active Subcontracting Report for Individual Contracts to determine the adequacy of the progress in achieving the contractor's negotiated goals. Corrective action plans may be appropriate if trends indicate a systemic deficiency.

2. Annotate the contract number(s) and identify goals that **may not** be met.

3. Determine if the contractor is demonstrating good faith efforts towards achieving negotiated goals. Provide the rationale for such determination.

4. If the actual accomplishments are significantly higher than projection(s), rationale should be provided.

5. Is the methodology for developing goals adequate? Do you consider the goals both challenging and realistic?

d. Perform analysis of completed subcontracting plans during this review period.

1. Complete an analysis of all final Subcontracting Report for Individual Contracts reports to determine if the contractor achieved all the negotiated goals. Corrective action plans may be appropriate if trends indicate a systemic deficiency.

2. Annotate the contract number(s) and identify goals that were not met.

3. Determine if the contractor has demonstrated good faith efforts in achieving negotiated goals. Provide the rationale for such determination.

4. If the actual accomplishments are significantly higher than projection(s), rationale should be provided.

5. Was the methodology for developing goals adequate?

6. Provide a recommendation to the ACO in accordance with FAR 19.705-6 if action to access liquidated damages is warranted.

**NOTE:** Final Subcontracting Report for Individual Contracts should be considered on reviews. The information will aid in providing actual performance on completed subcontracting plans and may provide information on program strengths or deficiencies.

3. For Comprehensive Subcontracting Plans Only. Federal Register, Vol. No. 65 No. 31 dated Feb 15, 2000, Paragraph A.IV.B

1. Initiatives:

a. Describe the efforts the contractor uses to achieve all negotiated initiatives.

1. Describe the method the contractor utilizes to monitor progress on the initiatives identified within the approved - comprehensive subcontracting plan, including a description of how the contractor initiates changes if the initiatives are not producing the results originally anticipated.

2. If this is a corporate-wide or division-wide comprehensive plan, this would include the efforts to monitor and insure that each lower level business unit is making a contribution to the initiatives as well, if applicable.

b. Is the contractor making adequate progress to meet all milestones for all negotiated initiatives? Check: Yes or No.

1. Within the approved comprehensive plan there should be specific milestones with specific completion dates. Verify that these milestones are being completed on or before the specified completion dates.

2. If the milestones are not completed on schedule, determine if corrective action has been taken.

2. Target Industries:

a. Describe the method the contractor uses to improve performance by small businesses in the selected industry categories? Describe.

1. The Target Industries specified within the approved comprehensive plan include specific dollar and percentage goals. Awards in these target industries historically have not been made available to small or small disadvantaged business.

2. Describe the actions the contractor is taking to improve participation in each target industry, including identifying the responsible parties and actions taken when current efforts do not yield results.

b. Has the contractor met, or are they on track to meet, all selected industry category goals? Check: Yes or No

1. Compare the negotiated target industry goals to actual performance.

2. Describe the actions the contractor is taking to improve participation in all selected industry categories.

c. List the major program(s), by contract number, the contractor is monitoring as requested by the customer. (Utilize the (-)delete or (+)add key to delete or add a program.)

3. List the major programs (i.e. Joint Strike Fighter, F22, Future Combat Support, etc.) as specified in the approved comprehensive subcontracting plan or as may be required after plan award. The contractor should be submitting a breakdown of each of these major programs as an attachment to the semi-annual Summary Subcontracting Report.

a. Discuss the performance for each program listed.

b. Did the contractor fully comply with the request to provide program specific information as requested by the customer? Check: Yes or No. (Did the contractor include an attachment to the Summary Subcontracting Report with a breakdown of all the major programs specified by the customer, including all business categories?)

4. Perform **INTERIM** analysis of **COMPREHENSIVE** subcontracting Plan (Summary Subcontracting Report). Perform analysis, with contractor concurrence, to determine if one or more of the plan's goals **may not be** attained by end of subcontracting plan performance.

a. Compare the negotiated goals in the current comprehensive subcontracting plan to the achievement to date.

b. Analyze the performance and discuss anticipated purchases with the SBLO and mutually predict the likelihood that the goal(s) may or may not be achieved by the end of the current plan period for SB SDB WOSB HUBZone VOSB SDVOSB (Check appropriate box(es) or box(es) that apply)

c. Demonstrated Good Faith Effort: (Check appropriate box: yes or no). Note: a "no" answer will require supporting documentation/information

d. Recommendation action(s) for the ACO/CO. Provide Details.

5. Perform FINAL analysis of COMPREHENSIVE subcontracting plan.

a. Were all goals met: Check the appropriate box (Note: a "no" answer will require supporting documentation/information and recommendation action(s) for the CO).

b. Goals Not Met: (Check the appropriate box(es) that apply.

c. Demonstrated Good Faith Effort: (Check appropriate box). Note: a "no" answer will require supporting documentation/information.

d. Recommended action(s) for the ACO/CO. (Provide recommendations)

#### **F. PART III - ADMINISTRATION FACTORS TAB**

##### 1. Review of the Contractors Small Business Program:

This section provides the process to review the elements of FAR 52.219-9.

a. Does the contractor express goals in terms of percentage of total planned subcontracting dollars for each small business category in all plans? (FAR 52-219-9(d) (1) (Check: yes or no)

b. Are there statements of total dollars planned to be subcontracted for each small business category in all plans? (FAR 52-219-9(d) (2) (Check: yes or no)

c. Is there a description of the principal types of supplies and services to be subcontracted for each small business category? (FAR 52-219-9(d) (3) (Check: yes or no)

d. Briefly describe and analyze the methodology used by the contractor to develop subcontracting goals. Describe.

Is the contractor adhering to the method described in the plan to develop subcontracting goals? (FAR 52.219-9(d) (4) (Check: yes or no)

**Note:** The following may be considered. How have the goals been developed? Does the contractor use bills of material, past

history, and/or past performance in the development of goals and is it according to the plan?

e. Briefly describe and analyze the methodology utilized by the contractor to identify small business sources. Describe.

Is the contractor adhering to the method described in the plan to identify small business sources? FAR 52.219-9(d) (5)  
(Check: yes or no)

**Note:** The following may be considered. Does the contractor use the method to identify sources from past history, outreach (small business trade fairs, matchmaking events, member of national/state minority supplier development councils), internal (in-house events, company internet home page small business registration), or are there directed sources (who directed the sources: Government/Contractor)? What subcontracting source lists are used? Are they the latest listings and are they applicable to the subcontracting requirements at hand? How do they adequately document use of source lists? Are Procurement Technical Assistance Centers (PTACs) contacted and used successfully ([www.dla.mil/db/](http://www.dla.mil/db/) or [www.sellingtothegovernment.net/ptac\\_map.asp](http://www.sellingtothegovernment.net/ptac_map.asp)) for subcontracting sources? Does the firm participate in the Mentor Protégé program?

f. Briefly describe and analyze the methodology utilized by the contractor to determine and allocate indirect subcontracting dollars for the Summary Subcontracting Report, and, if applicable the Subcontracting Report of Individual Contracts? Describe.

Are they adhering to the policy and/or the method described in the plan to determine indirect costs? FAR 52.219-9(d) (6)  
(Check: yes or no)

**Note:** The following may be considered. Are applicable indirect costs and subcontracting dollars allocated on the Summary Subcontract Report, for all small business categories (including large business)? Is the method used to determine the proportionate share written and adequate? Are applicable indirect costs and subcontracting dollars proportionately allocated on the Subcontracting Report for Individual Contracts, in all small business categories, if applicable?

g. Briefly describe and analyze the small business related duties of the individual who administers the subcontracting program/plan. Describe.

Are they fulfilling the small business duties as described in the plan? FAR 52.219-9(d)(7) (Check: yes or no)

**Note:** The following may be considered. Has an individual been identified to administer the program to include their duties? Do the duties flow with the program requirements? Does the company have a formal Small Business Liaison Officer (SBLO) appointment letter on file?

h. Briefly describe and analyze the efforts by the contractor to ensure equitable subcontracting opportunities exist for small businesses. Describe.

Is the contractor adhering to the method described in the plan to assure equitable subcontracting opportunities exist for small businesses? FAR 52.219-9(d)(8) (Check: yes or no)

**Note:** The following may be considered. What efforts does the contractor use to assure small business have an equitable opportunity to compete for subcontracts? Do they use the U. S. Small Business Administration (SBA) SUB-NET for locating and advertising for further subcontracting opportunities? Do they use DoD councils, PTACs ([www.dla.mil/db/](http://www.dla.mil/db/) or [www.sellingtothegovernment.net/ptac\\_map.asp](http://www.sellingtothegovernment.net/ptac_map.asp)) purchasing personnel, engineers, etc. involved in the process to include small business in their subcontracts? Do they have a web page to encourage small business to support the subcontracting requirements? Does it link to the Office of Secretary of Defense website [www.acq.osd.mil/sadbu](http://www.acq.osd.mil/sadbu)? Is the company a mentor in a federal/state/local government sponsored mentor-protégé program?

i. Briefly describe and analyze the methodology utilized by the contractor for maintaining records of purchases over \$500,000, (\$1M for construction) with large businesses that require subcontracting plans. Describe.

Is the contractor adhering to the method described in the plan? FAR 52-219-9(d) (9) (Check: yes or no)

**Note:** The following may be considered. Does the contractor flow down the "Utilization of Small Business Concerns" contract clause in all subcontracts that offer further opportunities? Does the contractor flow-down the requirement to have subcontracting plans on file for subcontracts in excess of \$500,000 (\$1,000,000 for construction of any public facility)?

j. Does the contractor cooperate in studies or surveys as may be required, submit periodic reports to determine extent of compliance to plans, submit Subcontracting Report for Individual Contracts, and/or Summary Subcontracting Report, Summary Subcontract Report, in accordance with 52.219-9, and ensure that its subcontractors agree to submit Subcontracting Report for Individual Contracts and Summary Subcontracting Report. FAR 52.219-9(d)(10) (Check: yes or no)



k. Briefly describe and analyze source lists (e.g., CCR, Thomas Register, internal vendor lists, etc.) or other data the contractor uses to identify small businesses. Describe.

Is the contractor adhering to the method described in the plan? FAR 52.219-9(d)(11)(i) (Check: yes or no)

**Note:** The following may be considered. Are the source lists (e.g., CCR, small business guides) used effectively to identify potential small business subcontractors?

l. List organizations that are contacted by the contractor in an attempt to locate sources that are small businesses. Describe.  
FAR 52.219-9(d)(11)(ii)

Is the firm utilizing the list of organizations described in the plan? (Check: yes or no)

**Note:** The following may be considered. Does the contractor contact organizations {such as Procurement Technical Assistance Centers, SBA Procurement Center Representative/Commercial Marketing Representative (PCR/CMR)} that could provide assistance in identifying new sources to increase subcontracting?

m. Briefly describe and analyze the methodology utilized by the contractor for maintaining records of purchases over \$100,000. Describe.

Are they adhering to the method described in the plan? FAR 52.219-9(d)(11)(iii) (Check: yes or no)

**Note:** The following may be considered. Does the contractor maintain files on small business subcontractors solicited on subcontracts over \$100,000? If small business concerns were not solicited does file documentation exist to describe the reasons why not? Examples of file documentation include a company form or correspondence. Verify/review procurement records. How are records verified? Does the contractor use specific forms or checklists to document purchase orders over \$100,000?

n. Briefly describe and analyze the records the contractor maintains to document attendance at small business outreach events. (For example: trade associations, small business development organizations, and veteran service organizations) Describe.

Is the contractor maintaining records as described in the plan? FAR 52-219-9(d)(11)(iv) (Check: yes or no)

**Note:** The following may be considered. Review the records maintained to contact trade associations, business development organizations, conferences, and Veteran service organizations for potential subcontracting opportunities. Review a company log of outreach events attended by the SBLO and/or other company officials if it is determined one exists.

o. Briefly describe and analyze the records the contractor maintains to document internal guidance and encouragement to buyers through (A) workshops, seminars, training, etc and (B) monitoring performance to evaluate compliance with program requirements. Describe.

Are they maintaining records as described in the plan? FAR 52-219-9(d) (11) (v) (Check: yes or no)

**Note:** The following may be considered. What records are maintained for internal training, guidance and encouragement to utilize small business participation in their subcontracting activity? Who monitors the performance of the plan against the reports? Describe how training was conducted, i.e., web-based distance training or classroom training.

The contractor should have an effective training program that demonstrates training for all buyers, at a minimum, and may include other functional areas of the company. As a normal business practice, training should include company policies, procedures, employee process ownership, program responsibilities, company initiatives, program changes, and subcontracting performance. Contractor should demonstrate an effective multifunctional encouragement program. Contractor encouragement may be in various forms that the company policies and FAR allows. Consideration should be given to the size of the company and industry type when determining the magnitude of these program(s).

p. Briefly describe and analyze the methodology the contractor uses, on a contract-by-contract basis, to record support award data, including the name, address, and business size of each subcontractor. Contractors having commercial plans need not comply with this requirement. Describe.

Are they maintaining records as described in the plan FAR 52-219(d) (11) (IV)? (Check: yes or no)

**Note:** The following may be considered. Do the purchase orders/delivery orders support the award with name, address, and business size of each contractor? Are copies of CCR searches contained in purchase order/delivery order files for small

disadvantaged business, 8(a), and HUBZone located small business concerns?

The intent of this section is to ensure that the contractor verifies supplier business size and status for all business categories and allocates all businesses properly on all data collection tools. Some areas to consider: Does the contractor maintain current certifications and representations from all businesses? How often do they request new certifications and representations? Does the size self-certification contain the penalty clause for false representation?

**NOTES:** The contractor's vendor certification forms must address the penalties clause for false representation. The contractor should provide evidence of the method used to validate SDB and HUBZone certified contractors. No other certifications, other than CCR verification or signed SBA letters, may be utilized for validation of SDB or HUBZone certifications. (The Dept. of Transportation or state certifications are NOT acceptable as certification.)

q. Briefly describe and analyze the methodology utilized by the contractor to assist small businesses by arranging solicitations, time for the preparation of bids, quantities, specifications, and delivery schedules so as to facilitate the participation by such concerns. Describe.

Are they adhering to the method described in the plan? FAR 52-219-9(e) (1) (Check: yes or no)

**Note:** The following may be considered. Do the purchase orders/delivery orders support the award with name, address, and business size of each contractor? Are copies of CCR searches contained in purchase order/delivery order files for small disadvantaged business, 8(a), and HUBZone located small business concerns?

The intent of this section is to ensure that the contractor verifies supplier business size and status for all business categories and allocates all businesses properly on all data collection tools. Some areas to consider: Does the contractor maintain current certifications and representations from all businesses? How often do they request new certifications and representations?

r. Briefly describe and analyze the methodology utilized by the contractor to provide adequate and timely consideration of small businesses in all "make-or-buy" decisions. Describe.

Is the contractor adhering to the method described in the plan? FAR 52.219-9(e) (2) (Check: yes or no)

**Note:** The following may be considered. Do the procurement procedures include adequate and timely consideration for their "make-or-buy" decisions? Is the SBLO involved in the "make-or-buy" decision process?

s. Briefly describe and analyze the methodology utilized by the contractor to counsel and discuss subcontracting opportunities with small businesses. Describe.

Is the contractor adhering to the method described in the plan? FAR 52.219-9(e) (3) (Check: yes or no)

**Note:** The following may be considered. Does the prime contractor take time to discuss and counsel small business concerns regarding business opportunities? Have these sessions been successful in providing small business concerns subcontracts with the prime contractor?

t. Briefly describe and analyze the methodology utilized by the contractor to provide notice to subcontractors concerning penalties and remedies for misrepresentations of business status as a small business for the purpose of obtaining a subcontract. Describe.

Is the contractor adhering to the method described in the plan? FAR 52.219-9(e) (4) (Check: yes or no)

Does the contractor provide notice about the penalties and remedies for misrepresentations of business status for the purpose of obtaining a subcontract award?

u. ["It is the policy of the United States that its prime contractors establish procedures to ensure the timely payment of amounts due pursuant to the terms of their subcontracts with small business, veteran-owned small business, service-disabled veteran-owned small business, HUBZone small business, small disadvantaged business, and women-owned small business concerns".] FAR 19.702

Describe the method utilized by the contractor to ensure the timely payment of subcontractors.

v. Has the contractor adequately addressed all previous Corrective Action Plans? (Check: yes or no)  
This will also include other corrective actions not requiring a formal Action Plan.

## 2. Record Keeping

a. Review a representative sample of purchase orders awarded to Large Business, including purchase orders over \$500,000.

(Provide an attachment(s) that is a review of a representative sample of purchase orders awarded to large business, including purchase orders over \$500,000. You may only upload 5 files of the following type: MS Word, PDF or MS Excel.)

**Note:** Review a random sampling of purchase orders over \$500,000 that had been issued to large business. The intent of this section is to review purchase orders for noted trends or deficiencies. A sample of 10% Purchase Orders is suggested, but no less than 20 should be reviewed. If there are fewer than 20, then review all orders. Random sample calculators may be found at: [www.surveysystem.com/sscalc.htm](http://www.surveysystem.com/sscalc.htm) or [www.randomizer.org/form.htm](http://www.randomizer.org/form.htm).

b. Identify any active contracts over \$500,000 that contain an incentive fee clause [Identify contract number(s)] FAR 52.219-26

#### **G. PART IV - SUPPLEMENTAL DATA TAB**

The intent of this section is to ensure that the SBLO has adequate authority to effectively implement and administer the program.

**Note:** Some areas to consider: Does the SBLO have an appointment letter? If so, is there a copy on file? Are the roles and duties defined? Are they appointed at an appropriate level of authority? How long has the SBLO been in this position? Does the SBLO have collateral duties? If so, what are the duties and the title(s) of the position(s)? What percentage of time is obligated to the Small Business Program? If available, include a copy of an organizational chart that displays the position of the SBLO in the organization.

##### **1. Company-wide SB program policy statement:**

Has a company-wide SB program policy statement been issued by current senior management and disseminate throughout the company?

yes,	Issued by.	Title.	Date:
no,	Comments.		

**Note:** Review the contractor's existing company-wide policy statement: Has it been approved and signed by current senior management? Is it disseminated throughout the company, and if so, how (intranet, policies/procedures, staff meetings, training

sessions, etc.)? The company's policy statement should reflect the company's top level management's commitment to maximizing opportunities for all small business. Does the policy statement indicate that the Small Business Program is company wide and may be a responsibility of all company departments?

## 2. SBLO Appointment/Authority/Placement in the organization.

a. Has the SBLO been formally appointed by senior level management?

Yes Where are the duties and responsibilities defined?  
Describe.

No Comments.

b. Is the SBLO appointed at an appropriate level to effectively administer the program?

Yes, Explain.

No, Comments.

c. To whom does the SBLO Report?

Name. Title.

d. SBLO is a: (Check the box that applies)

1. Corporate (If this box is checked, the Assistant Director may desire to provide the list of divisions reporting to this SBLO in the division block below)

2. Division (If a Division SBLO, describe relationship between this division and the Corporate SBLO) (Check this box if the contractor has no other divisions reporting under the program)

e. Is there an organization chart that shows the position of the SBLO within the organization? (Yes) (Attach copy, if available) (No) Comments.

**NOTE:** The organization chart should show the SBLO's relationship to upper management.

## 3. Monitoring SB program performance and requirements.

a. Are management and staff briefed regularly on achievements and/or program deficiencies? (Yes) Comments. (No) Comments.

b. What does contractor do to improve overall program performance if overall program objectives are not being met? (Identify any Corrective Action Plan(s) implemented) Describe. Add any recommendations.

**Note:** The intent of this section is to verify that the SBLO is briefing management and staff elements on a regular basis to

address program performance, initiatives, and deficiencies. The contractor should be able to provide evidence of self-assessment, corrective actions, and other tools used for addressing deficiencies.

#### 4. Supplemental Information:

a. Discuss the contractor's use of strategic sourcing teams, or other groups within the company, that may assist the SBLO in the development of business subcontracting sources and the goal setting process. (Consider role of SSTs in goal development and during plan performance). Describe.

b. Discuss any successes the contractor has made in subcontracting opportunities, those which were normally awarded to a large business, that have been redirected to a small business. Describe.

c. Discuss any procurement actions the contractor may have reserved for small business. Describe.

d. Discuss the contractor's use of Corporate Agreements, Blanket Agreements, Long Term Agreements and how they may affect small business subcontracting dollars. Describe.

e. Discuss the extent of use and the contractor's internal written guidance for credit card purchases. (Is the contractor able to categorize these procurement actions within each of the appropriate business categories? Describe.

f. Discuss the contractor's use of the internet or web-site as tools to advertise its ongoing and future procurement requirements. Describe.

g. Discuss the contractor's use of Mentor/Protégé agreements to increase small business subcontracting opportunities. If the contractor is not participating in the Mentor/Protégé Program are they considering participating in the program? Describe.

h. Discuss the contractor's initiatives/accomplishments made to ensure more small businesses are able to compete for more "high-tech" procurements. Describe.

i. Discuss how the contractor monitors its individual subcontracting goals/plan and readjusts its internal focus in achieving goals that may be in doubt of being attained. Describe.

j. Discuss any planned procurement actions, or procurements addressed specifically within the subcontracting plan, that had to be redirected to another business size category. Describe.

#### 5. Noteworthy Activities:

Review and discuss contractor's activities that are considered noteworthy. This is required to justify a Highly Successful or Outstanding rating. Discuss.

**Note:** The intent of this section is to identify areas of developmental assistance and initiatives that may be considered over and above those required by FAR and the contract. Some examples would be, but not limited to, participating in the Mentor-Protégé Program, administering a buyer incentive program, documenting of return on investment from attendance and/or sponsoring of trade fairs, conferences, and other outreach events (both internal and external) other data as may be deemed necessary or appropriate by Small Business Specialist.

### H. PART V - RATINGS AND RECOMMENDATIONS TAB

This section identifies the criteria for the contractor's overall program rating and is further defined in the DCMA/SBA Memorandum of Understanding dated May 9, 2003.

#### 1. Program Rating:

The following rating criteria should be used to determine the contractor's rating. Note that the rating criteria are the same as the SBA's ratings in accordance with the 2003 DCMA/SBA Memorandum of Understanding:

#### Rating Criteria:

1. Outstanding - **Exceeded** all negotiated goals or exceeded at least one goal and met all of the others.<sup>1</sup> Has exceptional success with initiatives to assist, promote and utilize small (SB), small disadvantaged business (SDB), women-owned small business (WOSB), HUBZone small business, veteran-owned small business (VOSB), and service-disabled VOSB (SD/VOSB).<sup>2</sup> An outstanding rating signifies that the company has an exemplary program that could be used as a model by other contractors in similar industries.

2. Highly Successful - **Met** all of its negotiated goals in the traditional socio-economic categories (SB, SDB, and WOSB) and met at least one of the new socio-economic goals (HUBZone small business, VOSB, and SD/VOSB) for each contract that contains two or more of those goals. Has significant success with initiatives



to assist, promote and utilize SB, SDB, WOSB, HUBZone small business, VOSB, and SD/VOSB. Makes an effort to go above and beyond the required elements of the program and can provide documentation and success stories to support such efforts.

3. Acceptable - **Demonstrated a good-faith effort** to meet **all** of its goals, but has not met the rigorous criteria for *Highly Successful* or *Outstanding* rating. Contractor fulfills the requirements of its subcontracting plan and the regulations. Subcontracting Report for Individual Contracts and Summary Subcontracting Report reports are completed accurately and timely.

4. Marginal - **Deficient** in meeting key subcontracting plan elements, the Subcontracting Report for Individual Contracts and/or Summary Subcontracting Report reports are not correct, or the contractor has failed to satisfy one or more requirements of a corrective action plan currently in place. However, contractor's management does show an interest in bringing its program to an acceptable level and has demonstrated a commitment to apply the necessary resources to do so. A corrective action plan is required, and the Administrative Contracting Officer(s) must be notified.

5. Unsatisfactory - **Noncompliant** with the contractual requirements of DFARS and FAR 52.219-8 and 52.219-9. Contractor's management shows little interest in bringing its program to an acceptable level or is generally uncooperative.<sup>3</sup> A corrective action plan is required, and the Administrative Contracting Officer(s) must be notified.

Footnotes:

<sup>1</sup> "Negotiate goals" refers to the dollar and percentage goals in the approved subcontracting plan. (For rating purposes, the reviewer will compare the percentage goals to the percentage achievements.)

<sup>2</sup> Examples of such initiatives include, but are not limited to, participating in a Mentor-Protégé program, performing compliance reviews at subcontractors' sites, administering a buyer incentive program, participating in trade fairs, promoting registration in the CCR, and contracting suppliers to encourage SDB and HUBZone certification.

<sup>3</sup> For example, suggested recommendations made by SBA or DCMA on previous reviews have never been implemented.

## 2. Risk Rating

The following rating criteria should be used to determine the contractor's rating.

### Risk Rating Levels

In accordance with the DCMA-SBA Memorandum of Agreement the Risk Rating is based upon final 294's submitted or if no finals have submitted then based upon performance on subcontracting goals for contracts nearest completion:

High - High Risk is assigned when the contractor is not meeting contract negotiated and DoD goals.

Moderate - Moderate Risk may be assigned when the contractor is meeting contract negotiated goals but not DoD goals.

Low - Low Risk may be assigned when the contractor is meeting contract negotiated and DoD goals.

3. Ratings Summary, Recommendations, and follow-up of corrective actions(s): Discuss:

This section is used to summarize and justify the overall program rating. All program deficiencies, initiatives, and other areas of note must be documented within the report and summarized within this section.

4. Exit Interview Participants

a. Preparation of exit review activities: In preparation for an exit briefing, the specialist should, normally, discuss all findings in the review with the contractor's representatives prior to the exit review with CEO or senior management. All opportunity should be afforded to the contractor to demonstrate compliance before presenting recommendations to the contractor's management for corrective action. The Assistant Director should, in most instances, be able to obtain date(s) for corrective action implementation or plan prior to the exit review with senior management.

b. Exit review: The Assistant Director should normally conduct an exit interview with the CEO (or senior management), the SBLO, and any other personnel who may have participated in and have overall interest in the Small Business Program. The Assistant Director/reviewer should discuss each item that had findings with contractor. The exit review should also include recommendations, corrective actions, and request for additional information as needed.

Government: (List names, title, agency, and phone number/email address)

Contractor: (List names, title, agency, and phone number/email address)

**FOR ADDITIONAL INFORMATION, CONTACT YOUR CENTER DIRECTOR**